



STATE OF WEST VIRGINIA  
OFFICE OF THE ATTORNEY GENERAL  
DARRELL V. MCGRAW, JR.  
CONSUMER PROTECTION DIVISION  
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# Press Release

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## FOR IMMEDIATE RELEASE

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### **Attorney General Darrell McGraw Announces \$1.2 Million Settlement With MoneyGram**

In a settlement that will help protect consumers in West Virginia and elsewhere from scams that try to trick them into wiring money to the scammers, West Virginia Attorney General Darrell McGraw and 43 other states' Attorneys General and the District of Columbia signed an Assurance with MoneyGram Payment Systems, Inc. The company will fund a national consumer awareness program and set out very prominent consumer warnings on the forms used by consumers to wire money.

MoneyGram offers money transfer services by wire at over 25,000 locations in the United States and over 100,000 locations around the world, including grocery stores, gas stations and other retail businesses.

The problem addressed by the AVC is the high number of "fraud-induced transfers"—that is, money wired by consumers to fraudulent telemarketers and other scam artists. For example, some telemarketers, often based in other countries, use a "lottery" scam, in which they tell vulnerable consumers they have won a large sum of money but must pay taxes or other charges in order to claim the winnings. The victims are then directed to send the money by wire, because wire transfers are fast, there are transfer agents in most communities, and funds can be picked up in multiple locations. In 2003, a survey conducted by seven states of transfers over \$300 million to Canada by another major money transfer company estimated that over 29 percent of those transfers were fraud-induced, resulting in national consumer losses in the year 2002 of approximately \$113 million.

MoneyGram has agreed to:

- MoneyGram will pay \$1.1 million for a national consumer education program on how to avoid fraud-induced transfers, to be overseen by the AARP Foundation.
- MoneyGram will continue its current policy of reimbursing the amount of any transfer to a consumer who requests, prior to pickup, that the transfer be stopped, and reimbursing transfer fees as well if the consumer reasonably claims that the transfer was fraud-induced.
- MoneyGram will send prominent anti-fraud messages to its agents electronically every month or whenever a proposed transfer exceeds a certain amount, revise and enhance the company's agent anti-fraud training programs, and provide special training to agents with elevated fraud levels at their locations.
- MoneyGram will take appropriate action to suspend or terminate agent locations that are involved in fraud or that do not take reasonable steps to reduce fraud.
- MoneyGram will block wire transfers from specific consumers or to specific recipients when the company receives information from a state that there are good faith grounds to believe that fraud will occur, until such time as the consumer is

counseled on fraud and requests resumption of the transfer.

- MoneyGram will ensure that money transfers sent from the United States can only be picked up in the country designated by the sender.

Attorney General McGraw noted the importance of enlisting third parties like MoneyGram in the campaign against consumer fraud. He said, "This settlement aims to make it harder for fraudsters to use money wiring to steal from their victims. This agreement – with its model fraud warning, consumer education program, and enhanced training for money transfer agents – is a step in the right direction."

Any persons wishing to file a complaint about a consumer matter or to alert the Attorney General about unfair or deceptive practices may do so by calling the Consumer Protection Hot Line, 1-800-368-8808, or by obtaining a complaint form from the consumer web page at [www.wvago.gov](http://www.wvago.gov).

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